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REMARKS/ARGUMENTS

Reconsideration of this application is respectfully requested in view of the foregoing discussion presented herein.

1.   Introduction.

This action is the third, non-final, action provided by the Examiner in the instant application. The Applicant notes with appreciation the lack of finality of the action and the opportunity for further prosecution.

In the second Office Action, Claims 1-8, 11-20 and 23 were rejected under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 6,529,885 to Johnson, and Claims 9, 10 and 21 were rejected under 35 U.S.C. §103 as being obvious in view of the combined teachings of Johnson and U.S. Patent No. 6,047,269 to Biffar. The Applicant responded to the second Office Action and pointed out to the Examiner that the cited references did not teach the elements of the Applicant's claims which those references were purported to teach, singly or in combination. The Applicant also argued that the references were misapplied, that the Applicant's claims recite several elements not found in the cited references, and that the claims recited subject matter that was neither anticipated or rendered obvious by the cited references.

In this third Office Action, the Examiner has withdrawn the prior grounds for rejection under both 35 U.S.C. §102(e) and §103 and, instead, cited a new reference in combination with Johnson to support a rejection of Claims 1-8, 11-20 and 23 under 35 U.S.C. §103, and in combination with Johnson and Biffar to support a rejection of Claims 9, 10 and 21 under 35 U.S.C. §103. This new reference is Porterfield et al. (U.S. No. 5,878,234) which has been cited by the Examiner to show a device identifier field which the Examiner sated Johnson failed to disclose.

The Applicant has reviewed the third Office Action in detail and notes that the grounds for rejection are essentially identical to those set forth in the second Office Action, except that the Examiner now cites Porterfield et al. to show a missing element. However, in doing so the Applicant believes that the Examiner has overlooked the fact

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that, as clearly pointed out in the Applicant's prior response, Johnson does not teach
several elements of the Applicant's independent claims separate and aside from the
device identifier. Note further that the Examiner did not cite Porterfield et al. as
teaching the other elements of the Applicant's claims that the Applicant has previously
demonstrated are missing from Johnson.

Accordingly, even when Johnson is combined with Porterfield et al., the cited
combination still does not teach the invention recited in the Applicant's claims. Nor can
the cited combination render the Applicant's claims, when considered as a whole,
obvious in view of those missing elements.

Therefore, the Applicant respectfully submits that the Examiner has not
established a prima facie case of obviousness with respect to Claims 1, 11 and 15.

2.   Specific Rejection of Claims Under 35 U.S.C. § 103.

Claims 1-8, 11-20, 22 and 23 were rejected under 35 U.S.C. §103 as being
unpatentable in view of the combined teachings of Johnson (U.S. No. 6,529,885) and
Porterfield et al. (U.S. No. 5,878,235). Of those claims, Claims 1, 11 and 15 are
independent.

(a)   Claims 1, 11 and 15.

In support of the rejection of Claims 1, 11 and 15, the Examiner stated that
Johnson "substantially discloses an inventive concept of carrying out electronic
transactions including electronic drafts, wherein payment on at least one of the drafts is
contingent upon the removal of an associated contingency (which is equivalent to
Applicant's claimed invention...)" and goes on to state that Johnson teaches "a
transaction terminal...", "a transaction privacy clearinghouse..." and "an escrow
account..." corresponding to the elements in the Applicant's claims, and that Porterfield
et al. teaches "a device identifier field...".

In response, the Applicant respectfully traverses the grounds for rejection and
submits that Johnson does not teach the elements of the Applicant's claims which the
Examiner purports that Johnson teaches. Therefore, the cited reference has been

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misapplied and cannot used as the basis for a rejection under 35 U.S.C. §103.

In support of the Examiner's conclusion that Johnson teaches a transaction privacy clearing house corresponding to that recited in the Applicant's claims, the Examiner cites Johnson at col. 7, lines 26-64. In this regard, note the language of the Applicant's claims that refer to a clearing house:

In Claim 1:   "a transaction privacy clearing house configured to communicate with the transaction device when a transaction is to be performed, said transaction privacy clearinghouse further configured for receipt of said device identifier and capable thereupon of authorizing a transaction on behalf of a user associated with said device identifier after the identity of said user has been verified."

In Claim 11:   "a transaction system which provides a clearing house for user transactions;"

Johnson discloses a system for conducting transactions over the Internet with web sellers that have a "partner relationship" with the bank (col. 10:44-47). A bank customer buyer establishes an account with the bank and provides identification (ID) and a password that is subsequently encrypted and stored by the bank. At the time of a transaction, the buyer is authenticated with the bank by providing ID and the appropriate password. The provided password is compared with the password stored at the bank. If the passwords match, the buyer can complete a transaction with the bank partnered seller via an electronic bank draft from the bank to the seller. (see, col. 10:7-30).

However, Johnson does not disclose, and expressly teaches away from, the use of a clearing house in its system as recited in Applicant's Claims 1 and 11. In the section of Johnson upon which the Examiner relies (col. 7:26-64), Johnson makes no mention of a clearing house of the function of a clearing house until lines 62-65 wherein Johnson states:

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> "However, unlike checks, the execution, presentment and payment thereof may
> be carried out, according to the present invention, in electronic form, and *without*
> the intermediary of *check clearinghouses* that form an integral part of negotiating
> a conventional 'paper' check." (emphasis added).

The money transfer transaction is directly between the bank and the approved seller in
the Johnson system.

Therefore, Johnson does not teach an electronic commerce system that requires
a clearing house for user transactions as recited in the Applicant's Claims 1 and 11. To
the contrary, Johnson teaches away from the need for a clearing house. Furthermore,
based on Johnson's teachings of a system that does not require a clearing house, there
is no reason why one of ordinary skill in the art would add the unneeded complexity of a
clearing house to Johnson's system. Nor does Porterfield et al. teach the need for a
clearing house. Therefore, one of ordinary skill would not find the Applicant's systems
of Claims 1 and 11, which require a clearing house, to be obvious in view of the cited
combination of Johnson and Porterfield et al.

Next, in support of the In support of the Examiner's conclusion that Johnson
teaches an escrow account corresponding to that recited in the Applicant's claims, the
Examiner cites Johnson at col. 24, lines 43-67 and col. 25, lines 1-28. In this regard,
note the language of the Applicant's claims that refer to an escrow account:

In Claim 1:   an escrow account associated with the transaction privacy clearing
               house which is configured for receiving and dispersing forms of
               remuneration associated with authorized transactions.

In Claim 11:   an escrow account operable within the transaction system which
               includes a secure database of active accounts that are configured
               for disbursing or receiving units of exchange in response to user
               authorized transactions.

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In Claim 15: <u>maintaining within a secure server an electronic escrow account in association with the user</u>.

In the online auction example disclosed in Johnson, an escrow agent is associated with the seller and there is no escrow account disclosed. More specifically, with regard to col. 24:43-67 and col. 25:1-28 which the Examiner cited in support of the rejection, reference is made to an escrow <u>agent</u>, which may be a neutral party, the auction company or the buyer's bank (col. 24:50-51). The seller may send the item to the buyer or to the buyer through the escrow agent subject to one or more contingencies (col. 24:57-58). The escrow agent may exercise an option to remove a second contingency and, when removed along with other contingencies, the buyer's home bank can credit a payment to the seller's account. Various other transactions, including refunds are also discussed. (col. 25:1-28).

Therefore, Johnson does not teach an electronic commerce system that requires an escrow account as recited in the Applicant's Claims 1, 11 and 15. Furthermore, based on Johnson's teachings of a system that does not require an escrow account, there is no reason why one of ordinary skill in the art would add the unneeded complexity of an escrow account to Johnson's system. Nor does Porterfield et al. teach the need for an escrow account. Therefore, one of ordinary skill would not find the Applicant's systems of Claims 1, 11 and 15, which require an escrow account, to be obvious in view of the cited combination of Johnson and Porterfield et al.

Lastly, there is a further element which the cited combination does not teach or render obvious; namely, the transaction device identifier recited in Claims 1 and 15.

The Examiner correctly notes that Johnson does not teach a device identifier as recited in the Applicant's claims. The Examiner then cites Porterfield et al. as follows:

"However, Porterfield discloses a device identifier field 102 that identifies the
status of each transaction (see., col 6, lines 14-29, lines 37-530. accordingly, it
would have been obvious to a person of ordinary skill in the art at the time the

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invention was made to modify the electronic transactions of Johnson by including the limitation detailed above as taught by Porterfield because this would ensure that electronic transaction is properly secured."

The Applicant does not disagree that Porterfield et al. teaches a device identifier field. However, the device identifier field 102 taught by Porterfield et al. has absolutely no relationship to ensuring that an electronic transaction is properly secured. It appears that Porterfield et al. was cited solely because it uses the terminology "device identifier". Yet, Porterfield et al. does not teach a device identifier associated with securing transactions in an electronic commerce system but use of a device identifier in the context of a parallel processing system. At col. 6, lines 14-29 cited by the Examiner, Porterfield et al. discusses using a transaction queue having a device identifier field used to identifier the computer device to which a transaction request is directed; i.e., for passing data along a particular data route (i.e., across the processor bus) and to the proper computer. There is a similar discussion at col. 6, lines 37-53. From reading those sections of Porterfield et al., it is clear that the device identifier field is not associates with securing an electronic commerce transaction as recite in the Applicant's Claims 1 and 15, but with a manner in which to manage current processing tasks in a computer system.

Therefore, the Applicant respectfully submits that Porterfield et al. does not provide any teaching whatsoever from which a person having ordinary skill in the art would find any suggestion, motivation or incentive to provide a transaction device identifier in an electronic commerce system as recited in the Applicant's Claims 1 and 15.

As can be seen from the foregoing discussion, Claim 1 recites at least three elements which are not taught by the cited combination, and Claims 11 and 15 each recite at least two elements which are not taught by the cited combination, and there is no teaching in the cited combination from which one of ordinary skill in the art would find the subject matter of the Applicant's claims to be obvious in view of the cited

combination. The Applicant respectfully submits that the Examiner has not established a prima facie case of obviousness with respect to Claims 1, 11 and 15 for the reasons set forth above.

Therefore, the Applicant respectfully submits that Claims 1, 11 and 15, as well as the claims that depend therefrom, are patentable over the cited references.

(b)   Claims 2, 3, 4 and 22. In support of the rejection of Claims 2, 3, 4 and 22, the Examiner states that Johnson "discloses the claimed limitations of executing unit configured to automatically perform a transaction upon receiving a selected invoice or bill from a vendor that meets certain predetermined verification criterion (see col. 3, lines 9-29, specifically wherein it is stated that make payment or bill as the contingencies are met)"

In response, the Applicant respectfully traverses the rejection. *Johnson does not disclose an automatic recurrent transaction execution unit configured to automatically perform a transaction upon receiving a selected invoice or bill from a vendor that meets certain predetermined verification criterion as recited in Claims 2-4 or execution of a method with the function thereof as recited in Claim 22.* In fact, Johnson makes no mention of an automatic recurrent transaction execution unit or any similar functionality. The section of Johnson referenced by the Examiner (col. 3:9-29) in support of the rejection generally describes contract situations where contingency payments may be made. The system of Johnson is described for overcoming built-in contingencies as indicated by the statement that "...many transactions include built-in contingencies that must be met before goods or title will change hands or obligations released" (col. 3:15-16) and the related discussion in Johnson that describes examples of contract situations where these contingencies are released.

The Applicant calls to the attention of the Examiner that Johnson does not teach processing recurrent transactions. Nor does Johnson teach a recurrent transaction execution unit or a system to provide for the payment of recurrent billings meeting certain criteria as claimed by the Applicant. The contingencies described by Johnson

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are not recurrent; nor are they automatically handled as recited in Applicants claims.
Claims 2-4 and 22 recite aspects of paying an invoice or bill automatically from an
inside vendor if the bill or invoice meets predetermined verification criterion.

The lack of support for the rejection of Claims 2, 3, 4 and 22 is not surprising in
that the thrust of Johnson is to authenticate contingent parties involved in a transaction.
The problem addressed by Johnson is clearly stated at col. 4:7-12 as follows:

> "Presently, these and other contingent payments are generally handled entirely
> in paper format with holographic signatures. Electronic conversion of such
> contingency-containing transactions awaits viable methods of securely
> authenticating parties to contingency-containing transactions".

Also see col. 4:42-47 and col. 4:57-61.

These teachings, however, do not meeting the limitations of Applicant's Claims
2-4, and 22 which recite aspects of paying an invoice or bill automatically from an inside
vendor if the bill or invoice meets predetermined verification criterion. Claims 2-4 and
22 can in no way be construed as equivalent to verifying outside parties toward
releasing a contingency on a payment.

Therefore, the Applicant respectfully submits that Johnson does not teach what
the Examiner purports the reference to teach and that the reference has been
misapplied. Nor is there any teaching in Johnson from which one of ordinary skill in the
art would find any suggestion, motivation or incentive for the subject matter of Claims 2-
4 and 22.

(c)   Other Dependent Claims. The Applicant respectfully calls to the attention
of the Examiner that the Examiner has overlooked the subject matter of a number of
other dependent claims and has not stated any basis whatsoever for rejection these
claims. For example, the Examiner rejected the following claims as being obvious in
view of the combined teachings of Johnson and Porterfield et al., but there is no
support for the rejection:

Claim 5. This claim recites an "automatic purchases execution unit configured to perform selected financial transactions on behalf of the user according to user selected criterion". However, Johnson does not teach, suggest or provide motivation or incentive for automatic purchasing or executing automatic purchases according to user selected criterion. Nor does Porterfield et al.

Claims 6-8. These claims recite an incentive processing unit for receiving incentives which are credited to a user account. The term "incentive" is not even used by Johnson or Porterfield et al., and nothing was found to comport to the normal meaning the term as described by the Applicant or within Claims 6-8. Claim 8 is very specific about "the remuneration is credited as an offer for which information is received and stored, the use thereof providing enablement of the associated offer"; nothing is given in support of rejecting these aspects of the claimed invention. Neither Johnson nor Porterfield et al. teach, suggest or provide motivation or incentive for the subject matter of these claims.

Claims 18-20. These dependent claims describe performing exchanges of different forms of remuneration. Johnson and Porterfield et al., however, are totally silent on exchanging types of remuneration. Claim 19 describes specifically the use of an exchange rate table, which is an element not taught by Johnson or Porterfield et al. Claim 20 even describes in detail the use of an "exchange rate table maintained outside of the system" which is a very specific limitation that is not taught by Johnson or Porterfield et al. Neither Johnson nor Porterfield et al. teach, suggest or provide motivation or incentive for the subject matter of these claims.

Similarly, elements recited in other dependent claims (e.g., Claims 12-14, 16-17 and 23) do not appear to have been properly considered by the Examiner.

Therefore, while these dependent claims are patentable over the combined teachings of Johnson and Porterfield et al. as a result of their base claims being patentable, they are also patentable based on the additional limitations they present. Neither Johnson nor Porterfield et al. teach, suggest or provide motivation or incentive

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for the subject matter of these claims.

     (d)   <u>Conclusion</u>. In view of the foregoing, the Applicant respectfully requests that the rejection of the Claims 1, 11 and 15, as well as the claims that depend therefrom, be withdrawn and that those claims be allowed.

3.   <u>Specific rejection of Claims Under 35 U.S.C. § 103(a)</u>.

    Claims 9, 10 and 21 were rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson and Porterfield et al. in view of Biffar (U.S. No. 6,047,269).

    In support of the rejection, the Examiner states:

> "It is to be noted that Johnson and Porterfield fail to explicitly discloses an incentive unit or coupon, digital currency. However Biffar discloses a self-contained payment which includes a voucher at a time of transaction such as coupons (see., col 5, lines 23-27). Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to modify the teachings of Johnson and Porterfield by including the incentive process taught by Biffar because such modification would provide the electronic transactions of Johnson with the enhanced capability of creating digital coupons or voucher or incentive which will facilitate a fast electronic transaction."

    In response, the Applicant first notes that Claims 9, 10 and 21 are patentable for the reasons set forth above with regard to their base claims. Furthermore, the Applicant respectfully submits that the additional subject matter recited in these claims is patentably distinct and respectfully traverses the rejection. The Applicant respectfully submits that a person of ordinary skill in the art would not find any suggestion, motivation or incentive from the cited combination to modify the Johnson payment scheme (whether combined with the non-analogous Porterfield et al. reference or not) to include alternative forms of remuneration such as vouchers or coupons taught by Biffar. The present invention and the schemes found in cited references are mutually exclusive and incompatible.

    In particular, Johnson describes verifying parties to a contingent transaction, such as real estate going through the escrow process (col. 3:15-29), wherein execution

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of the transaction is contingent upon the approval of external parties. Biffar's teachings
are unrelated in that they disclose "circulating digital vouchers with attached logs which
contain a history of the transactions experienced by the voucher" (see col. 3:21-23).
The mechanisms in Biffar are not directed at facilitating the contingent transactions
described by Johnson. In Johnson, the contingent parties are verified for executing a
transaction, wherein Biffar uses a different "voucher" approach toward executing a
transaction. Porterfield et al. adds nothing to Johnson in this regard.

Furthermore, the Applicant respectfully submits that there is nothing in the cited
combination from which one of ordinary skill in the art would find it obvious to accept
non-currency offers in accord with user selected criterion (Claim 8) or forms of
remuneration selectable from the group consisting of physical currency, digital currency,
coupons, warrants, discounts or barter items as in (Claims 9 and 21).

Accordingly, the combination recited by the Examiner lacks the limitations of the
Applicant's claims and, therefore, a *prima facie* case of obviousness is not established
because the combination does not produce the claimed invention. Furthermore, there
is no suggestion, motivation or incentive that can be derived from the cited combination
to either (i) combine the Johnson (whether combined with Porterfield et al. or not)
payment system with the payment system of Biffar or (ii) modify the combination to
arrive at the invention recited in the Claims 9, 10 and 21.

Biffar discloses a digital "voucher" that contains a transaction history and a self-
contained payment system. See, col. 3:20-25. The user can fund the voucher from a
bank account or credit account and then the voucher is circulated by the buyer to
sellers within the system and back to the funding bank etc. In addition, at col. 5:25-28
of Biffar it generally states that an electronic "coupon" could be added to the digital
voucher. Funds are transferred from the bank of the pre-approved buyer to the
participating seller via a voucher.

The Applicant submits that there is no suggestion, motivation or incentive to
combine the digital coupon coupled with a digital voucher of Biffar with the pre-approval

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system of Johnson (whether combined with Porterfield et al. or not) because each system can general accomplish the same thing in an entirely different manner, namely providing approved buyers to participating sellers and transferring funds from a bank to a participating seller. The two systems are mutually exclusive. Either the funds are transferred directly to the approved seller as in Johnson or indirectly through a voucher as in Biffar.

Accordingly, there is no motivation, suggestion or incentive to substitute the buyer pre-approval system of Johnson with the voucher and coupon of Biffar because to do so would make the Johnson system cease to function as intended. "If the proposed combination would render the reference invention unsatisfactory for its intended purpose, then there is no motivation to make the combination and a *prima facie* case of obviousness is not established." In re Gordon, 733 F.2d 900, 220 USPQ 1125 (Fed.Cir.1984).

Accordingly, Claims 9, 10 and 21 are not rendered obvious by the cited combination, and the Applicant respectfully requests that the rejection of these claims be withdrawn.

4.   Conclusion.

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to withdraw the outstanding rejection of the claims and to pass this application to issue.

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The Applicant also respectfully requests a telephone interview with the Examiner in the event that there are questions regarding this response, or if the next action on the merits is not an allowance of all pending claims.

Date: _____5/17/04_____

Respectfully submitted,

John P. O'Banion, Reg. No. 33,201
O'BANION & RITCHEY LLP
400 Capitol Mall, Suite 1550
Sacramento, CA 95814
(916) 498-1010

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